



STATE OF WASHINGTON

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD**

P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329

REGULAR BOARD MEETING
March 29, 2006

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board met in the Boardroom of the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington on March 29, 2006.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Michael Edwards
Pat Hepler
Jeff Holy
Mark Johnston
Maureen Morris
Senator Linda Evans Parlette
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Shawn Merchant, Deputy Director
Jessica Burkhart, Executive Assistant
Jeralyn Faulhaber, Administrative Services Manager
Tim Valencia, Senior Research and Policy Manager
Greg Deam, Senior Research and Policy Manager
Suzanne Shaw, Assistant Attorney General

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:31 a.m. The Board took a moment of silence to honor Rob McLaughlin, an Ocean Shores fire fighter who was killed in the line of duty while training.

The Chair introduced Greg Cuoio, Lacey City Manager as a possible new member of the LEOFF Plan 2 Retirement Board.

Suzanne Shaw announced that this will be her last meeting serving as legal counsel for the LEOFF Plan 2 Retirement Board. She will be replaced by Linda Sullivan-Colglazier, Assistant Attorney General effective immediately.

1) January 3, 2006 Special Board Meeting Minutes

It was moved that the January 3, 2006 Special Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) 2006 Legislative Session Update – Greg Deam

Greg Deam, Senior Research and Policy Manager provided the Board with an in-depth look at what occurred during the *2006 Legislative Session* concerning LEOFF Plan 2, as well as potential joint legislation with the Select Committee on Pension Policy (SCPP) during the interim. Mr. Deam reviewed the following legislative bills:

BOARD LEGISLATION - PASSED

- Catastrophic Disability (HB 2932) – Effective March 14, 2006
- \$150,000 Death Benefit (SHB 2933) – Effective June 7, 2006
- Survivor Health Care (SB 6723) – Effective June 7, 2006

BOARD LEGISLATION – NOT PASSED

- FWEO Service Credit Transfer (HB 2890/SB 6585)

2006 Interim

- Death Benefit COLA
- Dual Membership Corrections
- Service Credit Purchase for Injury Corrections
- Board Membership

3) Interim Issues**Rate Setting – Steve Nelsen**

Steve Nelsen, Executive Director presented the *Contribution Rate Setting Schedule for 2006* and explained that 2006 is a rate setting year for the 2007-2009 biennium. The Board already adopted rates in 2004, which remain in effect through the 4 year rate schedule, unless the Board decides to make changes. Mr. Nelsen went on to say that the Board can adopt changes to the rate schedule based on the valuation provided by the Office of the State Actuary. He also suggested that the Board partner with the Pension Funding Council on the Independent Audit of the valuation as they did previously.

**Biennial rate changes must be adopted no later than September 30, 2006.*

**Supplemental rate increase must be adopted no later than the July 26, 2006 Board meeting, in order to be effective September 1, 2006.*

Strategic Planning – Steve Nelsen

Steve Nelsen, Executive Director provided the Board with a copy of the *Strategic Plan* that was created and adopted by the Board in 2004. Mr. Nelsen expressed that there has been great progress in meeting the goals of the plan since that time, but suggested revisiting the Strategic Plan during the 2006 Interim. Dates and locations for holding a Special Strategic Planning Session will be explored and brought back to the April 26, 2006 meeting for discussion.

Annual Statements – Shawn Merchant

Shawn Merchant, Deputy Director presented the potential improvements for the *LEOFF Plan 2 Member Annual Statements* that are provided by the Department of Retirement Systems' (DRS). Mr. Merchant stated that the key improvements would be the addition of beneficiary information, service credit earnings, and a benefit estimate. He went on to provide three options for the Board to consider and take action on at the April 26, 2006 meeting.

4) Administrative Update**Department of Retirement Systems' (DRS) Rulemaking – Greg Deam**

Greg Deam, Senior Research and Policy Manager presented a report and presentation on the topic of the *Department of Retirement Systems' (DRS) Rulemaking*. Mr. Deam reviewed the seven step approach in developing and implementing rules and explained the following rules that are in process:

- Non-Duty Disability
- Purchased Service Credit
- Duty Disability
- EMT's Into LEOFF

Quarterly Budget Update – Steve Nelsen

The Executive Director presented the Quarterly Budget Update. The members received a copy of the February 2006 *Allotment and Expenditures Report* which reflected that all expenditures are at or below expected levels.

5) 2006 Member Survey Report – Tim Valencia

Tim Valencia, Senior Research and Policy Manager presented the Board with the results from the *2006 Dual Response Membership Survey*. Mr. Valencia provided insight into the objectives, methodology, and lessons learned from the survey.

He stated that 1,898 responses have been received to date, which is an 11.7% increase in the response rate from the 2005 survey. This data also provides statistical reliability and a high level of confidence in the results.

Public Testimony

Paul Neal testified at the request of Bill Hanson of the Washington Council of Police and Sheriffs (WACOPS) concerning long-term economic assumptions.

Bill Hanson, Executive Director of WACOPS addressed the Board on the alternate revenue source topic and requested that the Board research this issue in the near future.

Staff will prepare an Initial Consideration on the topic of Alternate Revenue Source and bring it back to the May Board meeting.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for April 26, 2006 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 11:19 a.m.